

AWARD FEE DETERMINATION PLAN

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AWARD FEE DETERMINATION PLAN

CHAPTER I: OVERVIEW OF AWARD FEE DETERMINATION PLAN

I. Overview of Award Fee Determination PlanA. Purpose

The purpose of this Award Fee Determination Plan (AFDP) is to set forth the basic procedures and criteria for the periodic evaluation of, and fee determination for, the performance of the Contractor responsible for custodial services at the IRS Headquarters building, 1111 Constitution Ave., N.W., Washington, DC.

This plan identifies the personnel responsible for the execution of this plan, discusses (in general terms) performance monitoring, and sets forth guidelines for the Award Fee Determination Board (AFDB). The Government unilaterally developed the AFDB and the findings of the AFDB or decisions of the Fee Determination Official (FDO) are not subject to the Disputes Clause of the contract.

The plan may be changed from time to time as the operational and/or program priorities change. The Contractor will, however, be given advance notice of any changes. (See Chapter III, Performance Monitoring, for further details.)

The Fee Determination Official (FDO) and the AFDB Chairperson have, as a team, the primary management responsibility for the fair and equitable administration of this plan. Likewise, each party identified in this plan is charged with accomplishing his/her responsibilities in a fair and equitable manner.

B. Specific Contract Data

The contract is a Fixed-Price-Award-Fee contract with a base performance period that will consist of a Base Year and 4 (four) Option Years (subject to the availability of funds). The Base Year will begin on October 1, 2008 and end on September 30, 2009. Option Year I will begin on October 1, 2009 and end on September 30, 2010. Option Year II will begin on October 1, 2010 and end on September 30, 2011. Option Year III will begin on October 1, 2011 and end on September 30, 2012. Option Year IV will begin on October 1, 2012 and end on September 30, 2013.

The Contractor is required to provide management, supervision, labor, materials, supplies, and equipment and shall plan, schedule, coordinate and assure effective performance of all services described herein.

The total available award fee shall be as set forth in Schedule B of the contract. The quarterly evaluation periods and total maximum award fee available for each quarter are set forth in the following schedule:

<u>Evaluation Period</u>	<u>Total Maximum</u>	<u>Award Fee</u>
Base Period:		
October 01, 2008 through Dec. 31, 2008		\$12,500
January 01, 2009 through Mar. 31, 2009		\$12,500
April 01, 2009 through June 30, 2009		\$12,500
July 01, 2009 through September 30, 2009		\$12,500

Option year(s) if exercised by the government will follow the Option Period I with the appropriate year changing. Option Period IV will end on September 30, 2013.

Each evaluation will be completed within 45 days after the end of the evaluation period. The evaluation is considered complete on the date of the Fee Determination Official's (FDO's) written notification of the approved award fee amount to the Contractor's corporate office.

CHAPTER II: PERSONNEL INVOLVED IN THE AWARD PROCESS

A. Definitions

1. Administrative Contracting Officer (ACO)

The Contract Administrator with delegated authority and responsibility to administer the contract.

2. Contracting Officer's Technical Representative (COTR)

An individual appointed at the time of award, in writing, by the Procuring Contracting Officer (PCO) and is familiar with the technical requirements of the contract.

3. Award Fee Determination Board (AFDB)

A board of IRS employees who will perform the in depth review of all aspects of Contractor performance and recommends an appropriate award fee. One member of the AFDB serves as the "chairperson" who is responsible for ensuring the AFDB functions in accordance with this plan.

4. Fee Determination Official (FDO)

The FDO for this Acquisition shall be the Real Estate and Facilities Territory Manager, IRS National Headquarters. The FDO reviews the recommendation and reports of the AFDB and the Contractor's self-assessment in order to make the final determination of award fee for each performance period. The FDO communicates this determination, in writing, to the appropriate officials in the Contractor's organization.

B. Responsibilities

1. Administrative Contracting Officer (ACO)

The ACO is the official with responsibility for the day-to-day monitoring of the Contractor's performance in the areas of contract compliance, contract administration, and other aspects of business operation of the contract.

The ACO is responsible for receiving, reviewing, interpreting, investigating and communicating performance reports from the COTR. The ACO is also responsible for validating and assessing the Contractor's version of events and resolving any difference between the COTR's version and the Contractor's version.

The ACO is responsible for communicating these negative events and resolving any difference between the COTR's version and the Contractor's version.

The ACO is responsible for communicating these negative reports as soon as possible to the Contractor to facilitate the Contractor's ability to initiate corrective action.

The ACO will organize the material provided by the COTR and the contractor in such a manner as to enable it to be used (1) as the Board's agenda for the meeting, and (2) as the complete documentation package supporting the fee recommendation. It will be organized into separate sections for each performance evaluation category. Each section will consist of the following material:

- a. ACO's Quarterly Report;
- b. COTR's Quarterly Report;
- c. Contractor's Quarterly Report with self-evaluation;
3. Any correspondence relating to Contractor performance such as Contractor's response to negative reports, letters of appreciation from customers, etc.

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The ACO appoints, in writing, the chairperson and all members of the AFDB. The board is responsible for reviewing quarterly reports and preparing and forwarding their report to the FDO in the appropriate format. This review will assure that the AFDB's rationale supports the individual ratings awarded to the Performance Evaluation Categories. If there is a problem in the AFDB's rationale for its assessment and award fee recommendation, the ACO will discuss the problem with the AFDB Chairperson to affect a mutually acceptable resolution and adjustment. If agreement cannot be reached with the AFDB Chairperson, the ACO will submit to the FDO his/her rationale for an adjustment.

A. The Contracting Officer's Technical Representative (COTR)

The COTR is responsible for monitoring, assessing, recording, and reporting the technical performance of the Contractor on a continuous (day-to-day) basis. To accomplish this responsibility, he/she must be thoroughly familiar with:

- The Statement of Work
- d. The Contractor's Technical Proposal
- e.
- f. The Award Fee Determination Plan

The COTR is responsible for preparing a written performance report and presenting all material required by the Board to make its quarterly assessment of the Contractor's performance in a meeting to be held within 35 days after the last day of the evaluation period once the Contractor's Self-Evaluation has been received by the COTR. The COTR is responsible for accomplishing the following procedures to produce the documentation required for the deliberations of the AFDB:

1. The COTR must report all factual events, which constitute the contractor's required performance for the term.
2. The COTR must review all government and contractor inspection reports.

The review summations must be supported by stated contract standards with sufficient information to provide the reader with a clear understanding of the significance of the task and its impact.

3. The Award Fee Determination Board

Each member of the AFDB is responsible for assuring that he/she is thoroughly familiar with the contract's Statement of Work and this plan. Board members should also be generally familiar with the Contractor's technical proposal.

During its quarterly meeting, the AFDB will perform an in depth review of all documentation submitted to it by the ACO, will arrive at a consensus score for each category after discussions, and will recommend the total amount of award fee to be awarded. Each member of the board is responsible for performing his/her duties in as fair, equitable, and objective a manner as possible, and provide sufficient rationale for their recommendations to enable the Executive Secretary, i.e., the assigned Contract Specialist, to prepare a clear and thorough report to the FDO based on recommendations of the Board.

4. AFDB Chairperson

The Chairperson is responsible for conducting the meetings of the AFDB and ensuring that the evaluation process is conducted in a fair, equitable, and objective manner. He/she is also responsible for assuring that the views of each of the Board's members are heard and considered. Furthermore, he/she assures that the report prepared by the Executive Secretary for his/her signature accurately reflects the opinions of the Board. The Chairperson is also a voting member of the Board.

When appropriate, he/she directs the ACO to change or reprioritize the weights given to the evaluation categories under this plan (for future evaluation periods), when the needs or priorities of the appropriate activity so dictate.

5. Fee Determination Official

It is the FDO's responsibility to review and consider the evaluation report and fee recommendations made by the AFDB, to assure that the documentation adequately supports the recommendation and is in accordance with criteria stated in this plan; to seek clarification from the AFDB, if required; to issue the final decision on the amount of fee to be awarded; and to communicate that decision, in writing, to the Contractor.

CHAPTER III: PERFORMANCE MONITORING

A. Overview

The purpose of monitoring and reporting on the Contractor's performance is to ensure that the IRS receives the best quality performance possible. Monitoring of the day-to-day performance will be accomplished by the COTR. The COTR's monitoring activities will focus on the "quality" and "safety" aspects of the Contractor's performance requirements.

The ACO will be responsible for monitoring and evaluating administrative aspects of the Contractor's performance. The ACO will also be responsible for reviewing and assessing the documentation produced by the COTR.

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The award fee determination criteria, applied during each award fee period, will be provided to the contractor in writing by the Administrative Contracting Officer at least 15 calendar days prior to the start of each award fee period. Any alteration and/or added criteria applied after the award fee period has begun, the contractor must be notified and must be agreed to by both parties. If the criteria from the previous period are unchanged, no notification is necessary.

The Fee Determining Official's decision as to the amount of award fee is final and is NOT subject to the Disputes Clause of the contract.

It is important that during each phase of the performance monitoring, the Contractor be aware of how their performance is perceived. This plan is designed so that through constant communication between the COTR, ACO, and the Contractor, the Contractor may improve and maintain its performance at the "Outstanding" level.

B. Performance Evaluation Categories

For purposes of contract monitoring and assessment of performance, the Contractor's overall effort is divided into three Performance Evaluation Categories. These are as follows:

NOTE: for the Contractor's first (1st) quarter Award Fee for the *Base Year* only of the contract, criteria #3a. "Contract Start Up.....20%" shall be used. All other Award Fee evaluations after that will use item # 3. unless it is modified by the Contracting Officer.

1. SAFETY FOR ALL PERSONNEL..... 40%

This is the number one priority of the contract. This includes but is not limited to: all IRS employees, all contractors, all visitors, Daycare Center children, and all physically disabled/visually impaired individuals. This includes ensuring all contractor equipment is left in a safe place at all times when out on the floors, (i.e. not in front of doors/elevators, out in the hallway, around a blind corner, left on employees desks), and picking up/moving any item or ensuring that while cleaning a floor that nothing is done by the contractor could cause a person to slip, trip or fall regardless of who is at fault.

Wiping up any liquid on a floor anywhere in the facility (i.e. a contractor employee goes to the restroom and notices water on the floor by the sink. He/she should get some paper towels and wipe it up).

Understanding the MSDS sheets for all products used and being aware of a customer's sensitivity to a product or dust, ensuring that any replacement cleaner for that area meets the appropriate requirements.

The contractor will also be evaluated on any suggestions or ideas submitted to the COTR which result in a safer working environment for all personnel.

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2. COMPLAINTS.....40%

Complaints are broken down into two (2) categories, contractor personnel and contractor performance. Complaints may be observed, verbal, emailed or work tickets.

Personnel issues include but are not limited too, rudeness, discourteous behavior, indifference, inappropriate remarks, disrespect or unprofessional conduct to any IRS employee, contractor, visitor or co-worker.

Contractor performance will be monitored by ERC Work Tickets, customer calls to the office, Government inspections, email complaints and observations by the COTR, Building Manager and the Custodial Inspectors. Faults of performance include but are not limited to, restroom running out of supplies, restroom maintenance items not being completed, scheduled trash or recycle pick up missed or a second work ticket being called in for the same reason. Periodic work not being completed in the month it is due.

One (1) verified contractor personnel complaint for the quarter or 8 verified performance complaints in a calendar month shall constitute a “0” rating for this criteria.

- INNOVATION, COOPERATION AND IMPROVEMENTS.....20%

As a historical building that has just gone under a major renovation, special care must be given to ensure no further deterioration of the facility occurs and that the newly renovated Basement, restrooms, Bomb Blast windows, window treatments and other improvements be kept in tip top shape.

The contractor is encouraged to submit ideas to the COTR regarding ways to: keep restrooms clean, operational and odor free; removing old adhesive on glass, marble and stone; maintaining the wooden lattice and tile floors in the elevators and conference rooms; cleaning the bronze and brass ornament grill work; improving the cleanliness of the Daycare Center and Cafeteria/Snack Bar and writing up work tickets for non-custodial maintenance in the restrooms (i.e. dead batteries in the automatic flush valves, burn out lights, broken stall locks, etc).

3a. CONTRACT START UP.....20%

The contractor will be evaluated on how well they adhere to the submittals/requirements called for by this contract. This include having adequate management, staff, equipment and COTR approved supplies on site from the 1st day of the contract.

CHAPTER IV: AWARD FEE DETERMINATION BOARD GUIDELINES

A. Evaluation Overview

The evaluation process involves all levels of Contractor and Government personnel -- technical, administrative, and management personnel.

The Contractor manages its employees to perform the requirements of the contract in view of the evaluation criteria and in hopes of earning the award fee.

Government personnel (principally the COTR and the ACO) monitor, assess, document, and report on the Contractor's performance. IRS officials will review and assess the reports submitted by the COTR and ACO, decide upon the amount of fee to be awarded, and communicate that decision to the Contractor's corporate management.

Corporate management relays the results of the award fee decision to their on site Project Management, which in turn, relays it to the performers of the contract.

Thus, the communications loop, with regards to evaluation of performance, completes a full circle. Communication lines cross between levels during the cycle, thereby enhancing the prospects for outstanding performance, as well as the earliest possible correction of substandard performance.

The constant monitoring performed by Government personnel enables the Government to give better technical direction to the Contractor; assures that the transportation needs of the National Office are satisfied; and "trouble-shoots" performance problems before they become significant.

During the evaluation process, the Contractor is able to voice its opinion of its performance and respond to negative evaluations or clarify the situation as the negative performance occurs. The constant feedback and interchange of ideas can create an optimum climate for satisfactory or outstanding contract performance.

Expected performance levels must be realistic, so that the Government can motivate the Contractor towards excellent or outstanding performance and the Contractor can strive towards earning the maximum award fee. The decisions of the FDO should give a clear indication of what IRS Headquarters management expects from the Contractor, as well as what it considers substandard, satisfactory, or outstanding performance. It is important that the integrity of the evaluation process be maintained at all times to assure reasonable judgment has been made in the fee determination process. Monitoring, reporting, and evaluation procedures should be performed by Government personnel who are knowledgeable of the contract requirements but sufficiently diversified to create a balance in the system, thereby assuring management judgment and objectivity are brought to bear on the award fee decision.

B. Performance Rating Spectrums

The award fee amount to be paid quarterly will be determined by the IRS in accordance with this plan and the award fee criteria given to the contractor. Once a numerical percentage (representing performance) is established, the percentage of quarterly award fee to be paid will be determined according to the formula:

AWARD FEE = (Performance Score minus (-) 60) Squared; & divided by 12.25

If the contractor's performance rating is 60% or less, there will not be an award fee payment for that quarter. The Award Fee may not exceed 100% of the maximum award fee amount stated in this plan and Section B of the contract. The Award Fee Performance Table is included in this plan.

C. Procedures

Prior to their quarterly meeting, each member of the AFDB should review the monthly summaries with any attached reports and the Contractor's self-evaluation report. The Board members should note any questionable areas and compute a tentative score for each Performance Evaluation Category.

At the meeting, the Board should discuss its tentative ratings and, if necessary, seek clarification from the ACO on questionable or uncertain items. The Board should then arrive at a rating for each Performance Evaluation Category, based upon its assessment of the documentation. (Note that the Board's decision is not strictly limited to the consideration of the documentation.)

All Board members are expected to apply discretion and judgment to the evaluation process. Their overall perceptions, observations, and reactions to the Contractor's performance may be brought to bear on the evaluation process. At the discretion of the AFDB chairperson, the Board may arrive at its rating by averaging individual scores or by arriving at a consensus rating for each Performance Evaluation Category.

The Board will then agree on the wording of the narrative (which is included in the report to the Fee Determination Official) that supports the rating given by the Board. The AFDB Executive Secretary (in this case the Contract Specialist) will prepare the narrative report for the signature of the AFDB Chairperson reflecting the board's views. The report should be concise and clear, but sufficiently detailed to inform the FDO and the Contractor of the Board's rationale for scoring.

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Within 35 days after the completion of the quarterly evaluation period, the AFDB Executive Secretary will forward the signed report to the FDO, along with a proposed transmittal letter to the Contractor. Copies of the signed report will be furnished to the AFDB members. The FDO will review the report and accompanying documentation, pursue any areas requiring clarification with the Board, and transmit the report with the final fee determination to the Contractor.

TARGET SCHEDULE FOR QUARTERLY EVALUATIONS

<u>Responsible Party</u>	<u>Activity</u>	<u>Calendar Days From End of Performance Quarter</u>
ACO	Prepares and distributes summary of quarterly evaluation to AFDB members. Furnishes supporting documentation.	Within 25 days
Contractor's Project Manager	Submits self-evaluation report through ACO to AFDB member.	Within 25 days
Members, AFDB	Review documentation submitted by ACO and Contractor's Project Manager	Within 25-30 days
AFDB	Meets to decide upon recommended award fee	Within 30-35 days
Contract Admin./ Chairperson AFDB	Contract Administrator prepares a written report on AFDB's findings. After review, Chairperson signs report. Contract Administrator forwards report to Fee Determination Official (furnishes copies to AFDB members).	Within 35-40 days
ACO	Reviews report from AFDB and has contract specialist prepare documentation for FDO review.	Within 40-42 days

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FDO	FDO reviews report, secures any required clarification, and forwards final decision to Contractor.	Within 40-45 days
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AWARD FEE PERFORMANCE TABLE

AWARD FEE: (Actual Performance Score minus (-) 60 Squared; & divided by 12.25
 Example: $94 - 60 = 34$ X 34 (squared) = $(1,156)$ divided by 12.25 = Percent of total award fee to be awarded.

If the contractor scores a 95% (or higher) performance score, they will receive 100% of the maximum award fee amount for the evaluation period. If the contractor's performance score is 60% or less, there will be no award fee payment for that quarter. The award fee may not exceed 100% of the annual award fee amount as stated in Section B of the contract.

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Performance Score			Percentage of Quarterly Award Fee
94 - 60 = 34	Squared	= (1,156)	Divided by 12.25 = 94.4%
93 - 60 = 33		(1,089)	12.25 = 88.9%
92 - 60 = 32		(1,024)	12.25 = 83.6%
91 - 60 = 31		(961)	12.25 = 78.4%
90 - 60 = 30		(900)	12.25 = 73.5%
89 - 60 = 29		(841)	12.25 = 68.7%
88 - 60 = 28		(784)	12.25 = 64.0%
87 - 60 = 27		(729)	12.25 = 59.5%
86 - 60 = 26		(676)	12.25 = 55.2%
85 - 60 = 25		(625)	12.25 = 51.0%
84 - 60 = 24		(576)	12.25 = 47.0%
83 - 60 = 23		(529)	12.25 = 43.2%
82 - 60 = 22		(484)	12.25 = 39.5%
81 - 60 = 21		(441)	12.25 = 36.0%
80 - 60 = 20		(400)	12.25 = 32.7%
79 - 60 = 19		(361)	12.25 = 29.5%
78 - 60 = 18		(324)	12.25 = 26.4%
77 - 60 = 17		(289)	12.25 = 23.6%
76 - 60 = 16		(256)	12.25 = 20.9%
75 - 60 = 15		(225)	12.25 = 18.4%
74 - 60 = 14		(196)	12.25 = 16.0%
73 - 60 = 13		(169)	12.25 = 13.8%
72 - 60 = 12		(144)	12.25 = 11.8%
71 - 60 = 11		(121)	12.25 = 9.9%
70 - 60 = 10		(100)	12.25 = 8.2%
69 - 60 = 9		(81)	12.25 = 6.6%
68 - 60 = 8		(64)	12.25 = 5.2%
67 - 60 = 7		(49)	12.25 = 4.0%
66 - 60 = 6		(36)	12.25 = 2.9%
65 - 60 = 5		(25)	12.25 = 2.0%
64 - 60 = 4		(16)	12.25 =
1.3.%			
63 - 60 = 3		(9)	12.25 = 0.7%
62 - 60 = 2		(4)	12.25 = 0.3%
61 - 60 = 1		(2)	12.25 = 0.1%
60 - 60 = 0			0.0%